

15 October 2009

The Secretary
Senate Standing Committee on Economics
PO Box 6100
Parliament House
CANBERRA ACT 2600

economics.sen@aph.gov.au

Re: Inquiry into the *Food Standards Amendment (Truth in Labelling Laws) Bill 2009*

The National Farmers' Federation (NFF) is the peak farming lobby group representing producers of all major commodities in relation to issues affecting more than one State or commodity. The NFF's membership comprises State farm bodies, commodity organisations and also members associated with farmers through the agricultural supply chain.

Australian farming underpins domestic food consumption, and is also a significant export industry. Australian farmers produce/supply almost 93% of Australia's domestic food supply, with food imports contributing 7.5% of the total value of Australian retail food sales¹. Yet, Australia exports 60% (in volume) of its total agricultural production, and this represents around 67% of the total gross value of Australian agricultural production².

The NFF recognises that food labelling is an important issue for both Australian farmers and consumers, and believes that we must strive for an appropriate labelling system in Australia that informs consumers without imposing excessive compliance cost on industry.

The NFF demonstrates its commitment to this issue through its participation on the Board of the Australian Made Australian Grown program. For more than 20 years, the Australian Made Campaign has assisted consumers to exercise their preference for buying Australian, and promoting Australian products in Australia and increasingly also in export markets. In June 2007, the Campaign introduced a new descriptor for the logo, adding Australian Grown to the two existing descriptors, Australian Made and Product of Australia. Educating consumers on the meaning of Australian Grown,

¹ Derived from Australian Government Department of Agriculture, Forestry and Fisheries, Australian Food Statistics 2007

² ABARE, Australian Commodity Statistics, 2008

Australian Made and Product of Australia is an essential activity to underpin the success of this Campaign. The work undertaken by Government to address false and misleading product labelling and claims is an important activity which compliments existing labelling standards and underpins the integrity of this Campaign.

Work on country of origin legislation is the second aspect to the NFF's approach to the issue, and indeed it is a more complex area for Australian farmers.

The NFF agrees that Australian consumers should be provided with clear information to enable them to make informed choices about the food they purchase and consume. The NFF is also supportive of a country of origin labelling system that provides consumers with this information, however, care is required not to impose unreasonable costs or restrictions on the Australian food chain.

The NFF is unclear as to the additional costs and the practicality of the proposed labelling changes, particularly the requirement of % amounts of imports being classified on the label of juice, juice drink or any other drink product containing juice. While we understand the intent for transparency, the costs and practicality of requiring this change must be taken into account. Should the changes lead to excessive costs to implement, that the NFF is concerned that these costs will merely be passed back to farmers in the form of lower prices for their produce.

The NFF also has concerns with regard to the potential negative impact on the use of Australian produce that may result from explicit labelling requirements. The potential need to vary labelling in response to seasonal Australian fruit supplies could discourage manufacturers from buying Australian fruit if they can get consistent year round sourcing from another country. Similarly, poor seasonal supply as a consequence of weather conditions (e.g. drought) may also require manufacturers to alter labelling, resulting in increased costs. Under these circumstances the costs of the labelling requirements may be passed back to farmers. Alternatively, there is the risk that manufacturers may consider that these costs outweigh the perceived benefits of using Australian produce, leading to a shift towards greater use of imported produce.

The NFF has advocated against international country of origin labelling systems that have imposed similar labelling requirements on imports and in doing so have artificially restricted market access for Australian exports, purely due to implementation complexities. It is the NFF's view that country of origin labelling systems should not be used as a form of non tariff trade barrier. Country of origin labelling systems are the subject of intense scrutiny by nations with competing exports, and it should be expected that there would be challenges to the labelling system through the World Trade Organization.

The NFF therefore seeks assurances that Australian primary produce will not be jeopardized on international markets through retaliation for such measures, bearing in mind that Australian farmers rely on export markets for two thirds of their production. While the NFF is supportive of attempts to 'simplify and strengthen food labelling laws', the NFF wants to ensure that the broader potential ramifications of altering the food labelling laws are kept in mind.

The NFF also notes that the proposed Bill may have some broader repercussions for legitimate Australian produce being labelled as such. For example, Australian bone in leg hams which are processed using imported brine would not be able to be labelled as Australian under the amendments. A number of further similar examples also exist for other agricultural sectors. Added complexity to labelling and potential discrimination against Australian produce would be an unfortunate and undesirable outcome.

Thank you for the opportunity to contribute to the inquiry into the *Food Standards Amendment (Truth in Labelling Laws) Bill 2009*. Please contact me directly if you would like to discuss the NFF's position on this matter.

Yours sincerely

A handwritten signature in black ink, appearing to read 'B. Fargher', is positioned above the printed name and title.

BEN FARGHER
Chief Executive Officer